



House of Representatives

General Assembly

File No. 705

February Session, 2008

House Resolution No. 14

House of Representatives, April 22, 2008

The House Committee on Appropriations reported through REP. MERRILL of the 54th Dist., Chairperson of the Committee on the part of the House, that the resolution ought to be adopted.

RESOLUTION PROPOSING APPROVAL OF A MEMORANDUM OF UNDERSTANDING BETWEEN THE STATE OF CONNECTICUT AND THE STATE EMPLOYEES BARGAINING AGENT COALITION (SEBAC).

Resolved by this House:

- 1 That the memorandum of understanding between the State of
- 2 Connecticut and the State Employees Bargaining Agent Coalition
- 3 (SEBAC), concerning certain issues regarding health care, filed on
- 4 March 20, 2008, and submitted to this assembly for approval, as
- 5 provided in subsection (b) of section 5-278 of the general statutes, is
- 6 approved.

APP *House Favorable*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either chamber thereof for any purpose:

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 09 \$
State Comptroller – state employee & retiree health service cost accounts	GF and TF - Savings	14,500,000
State Comptroller – Other Post Employment Benefits (OPEB)	OPEB Trust Fund – Revenue from savings	14,500,000

Note: GF=General Fund

Municipal Impact: None

Explanation

The resolution approves the Memorandum of Understanding (MOU) between the State and the State Employees Bargaining Agent Coalition (SEBAC) concerning issues regarding health care benefits for state employees and retirees. The MOU allows the state to change the funding for pharmacy benefits for state employees and retirees from a fully insured to a self insured basis. It is anticipated that this change will result in a savings of \$14.5 million in FY 09. The MOU stipulates that the State will pay the \$14.5 million in savings into the Other Post Employment Benefits (OPEB) trust fund.

Background

Other Post Employment Benefits (OPEB) – retiree health insurance and life insurance

An actuarial valuation as of April 2006 quantified the state's OPEB liability at \$21.7 billion. According to the valuation, if the state were to address this liability on an advance funding basis, the OPEB liability would be substantially reduced to \$11.4 billion. The state appropriated \$10 million from FY 07 surplus to establish an OPEB trust fund in FY

08. Currently, the state funds retiree health benefits on a pay-as-you-go basis.

OFA Bill Analysis**HR 14**

RESOLUTION PROPOSING APPROVAL OF A MEMORANDUM OF UNDERSTANDING BETWEEN THE STATE OF CONNECTICUT AND THE STATE EMPLOYEES BARGAINING AGENT COALITION (SEBAC).

SUMMARY:

A separate analysis is not prepared since the fiscal note contains much of the same information that would go into a separate analysis.

EFFECTIVE DATE: Upon passage

COMMITTEE ACTION

Appropriations Committee

House Favorable

Yea 39 Nay 0 (04/11/2008)